

Lakeshore References Interviews

Person doing the Interview: Terry Dwyer Date of Interview: 1/14/13 11:20am

Person being phone Interviewed: Nick Rizzo, Walkill Water & Sewer Company

Phone #: **561-362-7661**

Your water system has been given as a reference by Aqua. I am with the Lakeshore Company which is located in Harding, just to the south of Morristown, NJ. We have 95 homes and 3 additional community facilities. We have two pump houses and sodium hypochloride disinfectant systems. I was wondering if I could ask you some brief questions.

Q1: How many homes does your system service?

A: 700 units (Carleton Village in Sussex). Nick owns 240 of the apartments.

Q2: How many businesses does your system service?

A: Several including one 20K sq ft, 34K sq ft YMCA

Q3: When was your system started?

A: 1960s

Q4: Is your source of water wells (or rivers)?

A: 3 wells (4th not producing)

Q5: How many pump houses do you have?

A: 3 with 2 100K gallon tanks

Q6: When were you acquired by Aqua?

A: 2009

Q7: Who owned the system when it was sold?

A: Nick Rizzo was the sole owner. Nick doesn't live in Carleton Village, but owns and manages 240 apartments there. I think he manages the apartments he doesn't own. Nick lives in New Vernon.

Q8: What was the condition of your system when it was acquired?

A: "Fine."

Q9: What were your reasons for the sale?

A: Nick is a Real Estate developer, and is “moving on”. There is not enough ROI to continue in the Water and Sewer part of the business.

Q10: Has Aqua maintained the system satisfactorily?

A: Yes.

Q11: How would you rate their responsiveness to any service issues?

A: Excellent.

Q12: What has been their normal response time to any problems, such as leaks or pump problems?

A: “ASAP, they jump”.

Q13: What upgrades have they done to your system?

A: They changed many of the meters.

Q14: Did Aqua place any restrictions on your system or institute any major changes?

A: No restrictions, the major change was to bill customers monthly instead of quarterly.

Q15: What concerns did your community have at the time of sale?

A: The BPU had to approve the sale, which took 6 month. So far as Nick knows, there were no concerns from the residents regarding the sale, and he doesn't know of any objection voiced at the BPU meeting. His office at Carleton still manages the apartments that use the water system that Aqua bought.

Q16: Have there been any problems with billing or customer service?

A: No.

Q17: In what kind of shape are the other Aqua owned systems that are included in your rate base? Do you anticipate that major capital investments in the systems in the rate base will cause rates to go up higher than historical averages?

A: Nick isn't sure of the shape of Aqua's rate base, but said he doesn't think that an increase because of a NJ rate base in poor shape will happen.

Q18: Did Aqua raise the chlorine levels in your system when they took over?

A: Yes, slightly.

Q19: Have there been any complaints about tasting chlorine?

A: No.

Q20: If you had it to do over, would you still go with them? What is your reason?

A: Yes, they had the highest monetary offer.

Q21: Once the decision was made to sell your water assets to Aqua can you describe how the transition went and how long the process took?

A: The transition took 6 months and went smoothly. The contract was 70 pages. The process was not complicated but Aqua had a nit-picky lawyer (whom Nick said that Aqua indicated they would not use again).

Q22: If you were to sell your water assets again what would you have done differently?

A: "Nothing".

Q23: Would you be willing to email us a copy of your contract of sale so we would know what to expect in this type of transaction?

A: No. Nick believes there may be Non-Disclosure Agreement language in the contract, and does not want to risk violating it.

Q24: Do you have any additional advice or is there anyone else you think we should talk to?

A: The process will take time. You have to be patient because it can become tedious. Aqua will have many departments involved. Nick is willing to take any other questions we have.